

# **Common Questions About the RSC Budget Substitute**

## *Sponsored by Rep. Jeb Hensarling*

### **How Does the RSC Budget Treat Defense?**

- Defense (Function 050) is funded at the Committee Reported level each year.
- Like the Committee Budget, includes \$50 billion reserve fund for On-going Military Operations
- Includes a firewall to ensure that the Defense and Military Construction Appropriations receive at least \$402 billion. This provision is not included in the Committee Reported Budget.

### **How Does the RSC Budget Treat Homeland Security?**

- Homeland Security (Function 100) is funded at the Committee Reported level each year.

### **How Does the RSC Budget Treat Domestic Discretionary Spending, Such as Veterans, Education, Agriculture, Etc.?**

- The RSC Budget reduces non-defense, non-homeland discretionary spending by 1% from last year's enacted level and then allows it to grow in out years at the same rate as the Committee Reported Budget. Over five years this saves \$39 billion.
- The RSC Budget does not presume how these savings will be achieved. Indeed, rather than spreading discretionary spending amongst the various Budget Functions, the RSC places all non-security related spending in one general Function. This more accurately reflects the reality that discretionary spending priorities are set not by the Budget Resolution, but by the Appropriations Committee.
- It is inaccurate to say the RSC Budget presumes that funding for any one particular government program will be required to be reduced.

### **How Does the RSC Budget Treat Mandatory Spending?**

- The RSC Budget proposes to reduce the rate of growth of non-Social Security mandatory spending by 1% in 2005 (rather than growing at 4.5%, mandatory spending grows at 3.5%). For the next four years, mandatory spending grows at the rate in the baseline. Over five years, the RSC Budget saves \$54 billion in mandatory spending (excluding interest).
- The RSC Budget requires the authorizing Committees to find these savings. For example, for 2005, the Ways and Means Committee is expected to find savings of \$4.8 billion, the Veterans Affairs Committee is expected to find savings of \$10 million, and so on.

### **How Does the RSC Budget Treat Highways?**

- The RSC Budget contains the same provision as the Committee Reported Budget to permit an adjustment for highway funding.

### **What Does the RSC Budget Do in Terms of Tax Relief?**

- The RSC Budget provides for \$182 billion in tax relief over five years, the same level requested by the President, and \$36 billion more than the Committee Reported Budget. This will permit the extension of expiring tax provisions, as well as additional tax relief for items, such as expanding tax-free savings and deductions for health care insurance.
- The RSC Budget provides for realistic (sometimes called dynamic) scoring of tax relief proposals.

### **Does the RSC Budget Do Anything to Social Security or Medicare?**

- No, the RSC contains no assumptions regarding changes to either Medicare or Social Security.

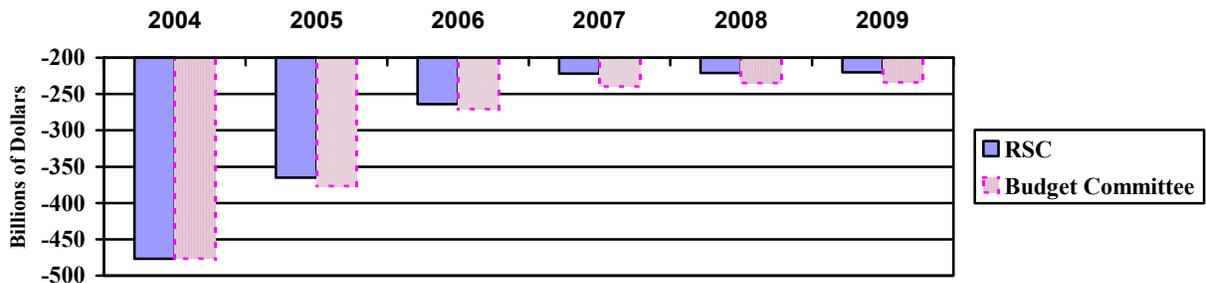
### What Happens to the Deficit Under the RSC Budget?

- Under the RSC Budget, the unified deficit is cut in half within three years, one year sooner than the Committee Reported Budget and two years faster than the President’s proposal.
- Both the on-budget deficit and the unified deficit are \$63 billion lower over the next five years as compared to the Committee Reported Budget.

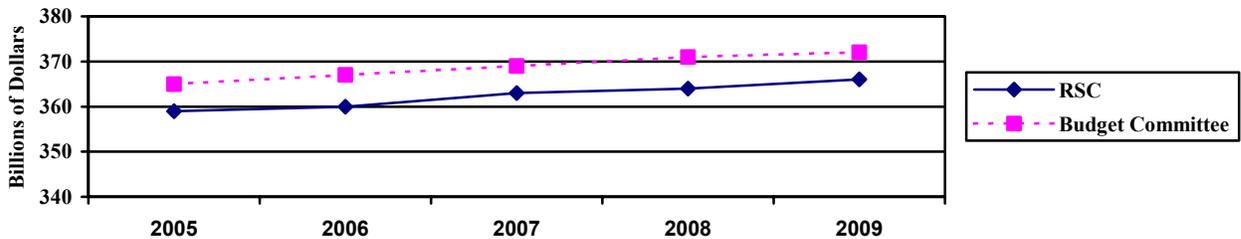
### Does the RSC Budget Include Any Enforcement Mechanisms or Reforms?

- Yes, the RSC Budget Includes the following enforcement mechanisms:
  - Requires a separate vote to waive a point of order for spending above the Budget Resolution
  - Includes a definition of emergency spending enforceable via a point of order
  - Requires the House and Senate to begin with the same allocations amongst the 13 Appropriations Subcommittees
  - Prohibits the use of tax increases to offset new spending.
- The RSC Budget also creates a discretionary and mandatory family budget protection account, whereby Members may credit savings from amendments to deficit reduction.

#### Unified Budget Deficit



#### Non-Defense, Non-Homeland Security Discretionary Spending



#### Non-Social Security Mandatory Spending, Excluding Interest

